

YOU ARE THE NATION'S HERO



INDIVIDUAL TAX COMPUTATION

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Under the Self Assessment System, an individual is required to compute his own tax

Example: Single individual

Mr. A, working in XY Sdn. Bhd. Income for 2012:

| | | |
|---|-------|--------|
| 1. Employment Income | | RM |
| Salary | | 54,000 |
| Bonus | | 4,500 |
| Commission | | 9,000 |
| Monthly Tax Deduction (MTD) | | 1,200 |
| 2. Rental Income | | |
| Rental received | | 7,200 |
| Expenses: | | |
| Assessment | | 320 |
| *Penalty for late payment of assessment | | 32 |
| Bank Loan including interest (RM2,136) | | 10,620 |
| Repair of roof | | 500 |
| Mr. A claims the following expenses: | | |
| Broadband subscription (RM48 monthly) | 576 | |
| EPF | 6,435 | |
| Medical insurance premium | 2,640 | |
| Approved donation | 1,000 | |
| Books and magazines | 560 | |
| Zakat | 1,575 | |

Tax Computation for Mr. A

| | | |
|--|-------|----------------------|
| 1. Employment | | |
| Salary | | 54,000 |
| Bonus | | 4,500 |
| Commission | | 9,000 |
| Gross employment income | | <u>67,500</u> |
| 2. Rental Income | | |
| Gross Rental | | 7,200 |
| Less: Assessment | 320 | |
| Loan interest | 2,136 | |
| Repair of roof | 500 | |
| | | <u>2,956</u> |
| Adjusted rental income | | <u>4,244</u> |
| *Disallowable expenses | | |
| Employment income | | 67,500 |
| Rental | | <u>4,244</u> |
| Aggregate income | | 71,744 |
| Less: Donation | | <u>1,000</u> |
| Total income | | <u>70,744</u> |
| Less: Individual & dependent relatives | 9,000 | |
| Books and magazines | 560 | |
| Broadband subscription (restricted) | 500 | |
| EPF (restricted) | 6,000 | |
| Medical insurance premium | 2,640 | |
| | | <u>18,700</u> |
| Chargeable Income | | <u>52,044</u> |

Mr. A's Tax Liability

| | |
|--------------------------------|------------------------|
| Tax on first 50,000 | 3,325.00 |
| Tax on the balance 2,044 @ 19% | <u>388.36</u> |
| Tax charged | 3,713.36 |
| less: Zakat | <u>1,575.00</u> |
| Tax Payable | <u>2,138.36</u> |
| Monthly Tax Deduction (MTD) | <u>1,200.00</u> |
| Balance of Tax Payable | <u>938.36</u> |

Example: Married individual

Mr. B and his wife are both employed by G Sdn. Bhd. and their income in the year 2012 is as follows:

| | | |
|------------------|--|--------|
| Mr. B | | RM |
| Salary | | 67,200 |
| Dividend (Gross) | | 6,000 |
| Wife | | |
| Salary | | 25,200 |
| Dividend (Gross) | | 3,000 |

Additional information:

- (a) Mr. B and his wife have four (4) unmarried children
 - First child studying in local university
 - Second child studying in a university abroad
 - Third and fourth child are still schooling
 The wife claims relief for the third and fourth child
 (b) Mr. B and his wife claimed the following expenses:

| | Mr. B | Wife |
|-----------------------------|-------|-------|
| EPF | 7,392 | 2,772 |
| Parents medical expenses | 5,320 | |
| Full medical check up | 520 | 450 |
| School books and magazines | 770 | 330 |
| Life insurance premium | 2,480 | 1,260 |
| Education insurance premium | 2,400 | |

Tax Computation Mr. B and his wife (Separate Assessment)

| | | |
|--------------------------|---|----------------------|
| Mr. B | | |
| Employment | | 67,200 |
| Dividend (gross) | | 6,000 |
| Total Income | | <u>73,200</u> |
| Less: | Individual & dependent relatives | 9,000 |
| | Parents medical bill (restricted) | 5,000 |
| | Full medical check-up (restricted) | 500 |
| | Books and magazines | 770 |
| | Children (4,000 x 2) | 8,000 |
| | EPF & life insurance Premium (restricted) | 6,000 |
| | Education insurance premium | 2,400 |
| | | <u>31,670</u> |
| Chargeable Income | | <u>41,530</u> |

Mr. B's Tax Liability

| | |
|--|----------------------|
| Tax on first 35,000 | 1,525.00 |
| Tax on next 6,530 @ 12% | <u>783.60</u> |
| Income Tax charge | 2,308.60 |
| Less: Tax deducted at source from dividend (25% x 6,000) | <u>1,500.00</u> |
| Tax Payable | <u>808.60</u> |

Wife's Tax Liability

| | | |
|--------------------------|------------------------------------|----------------------|
| Employment | | 25,200 |
| Dividend (gross) | | <u>3,000</u> |
| Total Income | | <u>28,200</u> |
| Less: | Relief | |
| | Individual and dependent relatives | 9,000 |
| | Full medical check-up | 450 |
| | Books and magazines | 330 |
| | Children (1,000 x 2) | 2,000 |
| | EPF & life insurance premium | 4,032 |
| | | <u>15,812</u> |
| Chargeable Income | | <u>12,388</u> |

Wife's Tax Liability

| | | |
|------------------------|--|----------------------|
| Tax on first 10,000 | <u>175.00</u> | |
| Tax on next 2,388 @ 3% | 71.64 | |
| Tax charged | 246.64 | |
| Less: | Rebate (restricted) Tax payable | <u>246.64</u> |
| | | Nil |
| Less: | Tax deducted at source from dividend (25% x 3,000) | <u>750.00</u> |
| Tax Repayment | | <u>750.00</u> |

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